

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(unaudited and 000's omitted)

	Six months ended June 30	
	1974	1973
SOURCES:		
Earnings for the period *	\$ 585	\$ 259
Increase in guaranteed investment certificates, debentures and deposits	14,891	8,391
Decrease in real estate held for development and/or sale, and and investment in joint ventures	1,616 5	100 6
Issue of additional shares capital	<u>\$17,097</u>	<u>\$ 8,756</u>
DISPOSITIONS:		
Increase in mortgages receivable	\$11,449	\$ 7,158
Increase in cash, short term investments and securities	2,766	856
Increase in premises and equipment	1,096	20
Increase in consumer and demand loans	637	264
Decrease (increase) in mortgages payable	495	(106)
Decrease (increase) in bank loans	102	(152)
Decrease in long term debt	87	133
Dividends — Class A shares	84	80
Net other dispositions	381	503
	<u>\$17,097</u>	<u>\$ 8,756</u>

*After adding back depreciation and amortization, deferred income taxes, and minority interest (1974 — \$193,000; 1973 — \$34,000.)

REALTY CAPITAL CORP. LIMITED

141 Yonge Street, Toronto

Subsidiaries

Federal Trust Company
Warchester Investments Limited
Commodore Investments Limited
Realty Capital Investments (Central) Limited

AR43

Branch Offices of Federal Trust Company

Savings Branches

415 Yonge Street, Toronto*
141 Yonge Street, Toronto
605 Danforth Avenue, Toronto
950 St. Clair Avenue West, Toronto
1850 Eglinton Avenue West, Toronto
1224 St. Clair Avenue West, Toronto
2070 Danforth Avenue, Toronto
343 College Street, Toronto
9 Queen Street East, Brampton

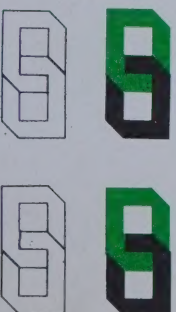
*New head office to be opened September, 1974

Real Estate Sales Branches
1355 Kingston Road West, Pickering
74 Victoria Street, Suite 913, Toronto
1702 Eglinton Avenue West, Toronto
Mortgage Office
56 Sparks Street, Suite 101, Ottawa

Services and Functions

Savings Accounts
Chequing Accounts
Current Accounts
Guaranteed Investment Certificates
Short Term Deposits
Safety Deposit Boxes
Foreign Money Orders
Domestic Money Orders
Travellers Cheques
Mortgage Loans
Consumer and Personal Loans
Collateral Loans
Mortgage Servicing and Management
Mortgage Banking
Registered Retirement Savings Plans
Personal Investment Management
Real Estate Sales
Real Estate Appraisals
Real Estate Management

File covered
**REALTY CAPITAL
CORP.
LIMITED**



INTERIM
REPORT
SIX MONTHS
ENDED JUNE 30, 1974

TO THE SHAREHOLDERS:

A strong performance by the Land Development division in the first quarter, together with improvement in Trust division results over the first quarter, have combined to give your company an excellent first half.

Net, after-tax earnings at \$392,000 representing 53¢ per share (39¢ fully diluted), are up 74% over the 1973 first half. Total income at \$4,702,000 is up 81%. Total assets under administration have, for the first time, exceeded \$100 million, including more than \$10 million in estates, trusts and agencies.

TRUST DIVISION

Net income contributed by this division in the second quarter (11¢ share) improved over the first quarter when per share contribution was 6¢. This result reflects several factors: control of costs; the effect on income from the large number of mortgages funded in the first quarter; the beneficial results of our policy of close matching of maturities of borrowings and investments.

While the statements now reflect the purchase of an interest in the 415 Yonge Street property — the new head office premises to be occupied later this year — the capital position of the division is strong. An addition of \$850,000 — the net return on sale of the 141 Yonge Street property — will show in the fourth quarter.

The amalgamation of Federal Trust and Savings Company and County Savings & Loan Corp. was completed, effective June 30, 1974. The resulting company is Federal Trust Company.

LAND DEVELOPMENT, INTERIM MORTGAGE DIVISIONS

Some land sales in the second quarter have maintained revenue flow from the Land Development division and, while earnings from this sector are down from the previous quarter, the results show marked improvement from the comparable 1973 period. Continuing earnings are anticipated, especially in 1974 and onwards.

In the Interim Mortgage division the portfolio value rose from \$2.8 million at June 30, 1973, to \$3.5 million, with a resulting improvement in earnings.

OUTLOOK AND GENERAL

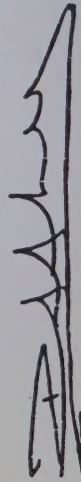
Management proposes to adhere to a cautious and highly selective approach in investment activities, maintaining a high level of liquidity in view of the continuing uncertainties of the economic outlook. Matching of maturities has become an established company policy.

Interest rates may well remain high for the balance of the year as it appears spending is still running at an inflation-inducing pace. In addition, the Bank of Canada has indicated a tight rein on the money supply.

Your company's asset growth rate may slow down. The outlook for continued earnings gains, however, remains good with net earnings for the latest six months already surpassing profit for the full 1973 year.

This is especially gratifying, at a time when most financial companies are reporting flat or reduced earnings.

On behalf of the board,



Toronto, Ontario
August 12, 1974

David S. Ades,
President

CONSOLIDATED STATEMENT OF EARNINGS

(unaudited and 000's omitted)

	Six Months ended June 30			Three Months ended June 30		
	1974	1973	% Increase	1974	1973	% Increase (decrease)
Total income	\$ 4,702	\$ 2,596	81	\$ 2,259	\$ 1,250	81
Interest	2,878	1,438	100	1,520	725	110
Administration expenses	1,037	740	40	556	377	47
Depreciation and amortization	39	35	11	22	19	16
Earnings before income taxes	3,954	2,213	79	2,098	1,121	87
Income taxes	748	383	95	161	129	25
Earnings for the period	356	158	125	72	31	132
	\$ 392	\$ 225	74	\$ 89	\$ 98	(10)

Dividends paid on Class A shares	\$ 84,000	\$ 81,000	\$ 42,000	\$ 41,000
Number of shares outstanding				
Class A	562,514	535,851	562,514	535,851
Common	174,400	174,400	174,400	174,400
	736,914	710,251	736,914	710,251
Earnings per Class A and Common share*	0.53	0.32	0.12	0.14
Fully diluted earnings per Class A and Common share*	0.39		0.10	
Division earnings per share*				
Trust	0.17	0.28	0.11	0.12
Interim Mortgage	0.03	0.01	—	—
Land Development	0.33	0.03	0.01	0.02
	0.53	0.32	0.12	0.14

*Based on the weighted average number of shares outstanding during the period.

CONDENSED CONSOLIDATED BALANCE SHEET

(unaudited and 000's omitted)

	June 30, 1974	December 31, 1973	June 30, 1973
ASSETS			
Mortgages	\$ 72,315	\$ 60,645	\$ 44,000
Securities	7,703	7,299	7,332
Real estate	1,283	2,688	3,718
Cash and short term investments	5,284	3,062	3,708
Consumer and demand loans	1,879	1,241	1,209
Other	3,257	2,584	1,990
	\$ 91,721	\$ 77,519	\$ 61,957
LIABILITIES			
Guaranteed investment certificates, debentures and deposits	\$ 78,729	\$ 63,838	\$ 51,118
Mortgages payable	858	1,352	2,199
Long term debt	4,479	4,566	1,678
Bank loans	2,316	2,559	2,267
Other	536	855	735
Deferred income taxes	745	598	350
Shareholders' equity	4,058	3,751	3,610
	\$ 91,721	\$ 77,519	\$ 61,957
Estates, Trusts and Agencies	10,050	6,000	3,760
TOTAL ASSETS UNDER ADMINISTRATION	\$101,771	\$ 83,519	\$ 65,717